



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Carlos Jackson
Executive Director

May 27, 2008

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**HEARING TO APPROVE THE 2008-2009 ACTION PLAN FOR THE ALLOCATION OF
FEDERAL FUNDS (ALL DISTRICTS) (3 Vote)**

SUBJECT:

This Board Letter is to approve the Fiscal Year 2008-2009 Action Plan to enable the County of Los Angeles to apply for, receive and administer Community Development Block Grant, HOME Investment Partnerships, American Dream Downpayment Initiative Act, and Emergency Shelter Grant program funds from the U.S. Department of Housing and Urban Development for housing and community development activities in the 47 participating cities and the unincorporated areas of the Los Angeles Urban County.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Community Development Commission of the County of Los Angeles (Commission) to accept from the County of Los Angeles (County) an estimated \$62,449,880 in Community Development Block Grant (CDBG) funds, \$5,920,382 for administration costs, HOME Investment Partnerships (HOME), American Dream Downpayment Initiative Act program (ADDI), and Emergency Shelter Grant (ESG) funds identified in the Action Plan for Fiscal Year 2008-2009 (Action Plan), which will be requested for incorporation into the Commission's Fiscal Year 2008-2009 budget through the Commission's annual budget approval process subject to final notification of approval by the U.S. Department of Housing and Urban Development (HUD).

2. Designate the Executive Director of the Commission, and/or the Assistant Executive Director, as the officials responsible for ensuring the completing of all actions required to be taken by the Commission in its role as the agent of the County for administration of the Action Plan and the allocated funds described herein; authorize the Executive Director and/or Assistant Executive Director, to approve Finding of No Significant Impact (FONSI) clearances for projects under the National Environmental Policy Act (NEPA); authorize the Executive Director to incorporate into the Action Plan public comments approved for inclusion by the Board of Supervisors; authorize the Executive Director to submit the Action Plan to HUD by May 30, 2008, following approval by the Board of Supervisors; and authorize the Commission to provide HUD with any additional information required for approval of the Action Plan.
3. Authorize the Executive Director to provide HUD with any additional information required for approval of the Action Plan.
4. Approve CDBG Reimbursable and Advance Contracts, attached in substantially final form, to provide a total of \$5,212,659 in CDBG funds for the 2008-2009 Fiscal Year, to be effective from July 1, 2008 to June 30, 2009, for 63 projects with 53 community-based organizations (CBO), and other public agencies (OPA) described in the Action Plan; and authorize the Executive Director to execute the contracts and any necessary, non-monetary amendments, following approval as to form by County Counsel.
5. Approve CDBG Reimbursable Contract Amendments with 47 participating cities, attached in substantially final form, to provide a total of \$17,011,196 in CDBG funding for eligible activities for Fiscal Year 2008-2009, to be effective from July 1, 2008 to June 30, 2009; and authorize the Executive Director to execute the amendments and any necessary, non-monetary amendments, following approval as to form by County Counsel.
6. Approve CDBG Reimbursable Contract Amendments with five cities and an unincorporated redevelopment area that have been approved or are pending approval of Section 108 Loans by HUD, for the purpose of repaying Section 108 Loans previously approved by your Board, attached in substantially final form; authorize the Executive Director to execute the amendments, following approval as to form by County Counsel; and authorize the Executive Director to set aside approximately \$1,642,070 of the Fiscal Year 2008-2009

CDBG allocations to these five cities and the unincorporated redevelopment area for repayment of their Section 108 Loans.

7. Approve Memoranda of Understanding (MOUs) with ten participating cities, attached in substantially final form, to provide \$7,300,116 in HOME funds for the development of single-family homes and single-family home rehabilitation; and authorize the Executive Director to execute the MOUs and any necessary non-monetary amendments, following approval as to form by County Counsel.
8. Authorize the Executive Director, within the limits prescribed by HUD, to reprogram HOME and ESG funds in order to fully expend the grants, for the purposes described in the Action Plan.
9. Approve the use of ESG funds in the amount of \$1,314,185 to fund programs that assist the homeless; and authorize the Executive Director to amend the Action Plan to include the final distribution of ESG funds to the Los Angeles Homeless Services Authority (LAHSA) once LAHSA has completed a Request for Proposal (RFP) process to determine the projects that will receive funding, as described in the Action Plan.
10. Authorize the Executive Director to revise the Action Plan from time to time, as necessary, to include non-monetary modifications to projects being undertaken by the County and participating cities during Fiscal Year 2008-2009, and to include federal regulation changes and new HUD directives.
11. Approve the following transfers, totaling \$480,289 in Fiscal Year 2008-2009 CDBG funds, which will be exchanged for general funds, from the following cities: Agoura Hills, Manhattan Beach, Rolling Hills Estates, Sierra Madre, Santa Fe Springs, and Westlake Village, and in addition, previously allocated funds of \$6,439 from Sierra Madre and \$11,415 from Westlake Village all to the City of Hawaiian Gardens; and authorize the Executive Director to execute all required documents for these purposes, following approval as to form by County Counsel.
12. Authorize the Executive Director to terminate CDBG Reimbursable and Advance Contracts utilizing Fiscal Year 2008-2009 funds when a breach of contract occurs or when funded activities are determined ineligible under CDBG regulations; and authorize the Executive Director to take all related actions, including execution of any necessary documents, to effect such terminations, following approval

as to form by County Counsel.

13. Instruct the Executive Director to identify and deposit into un-programmed fund accounts of the respective Supervisorial Districts all CDBG Fiscal Year 2008-2009 funds that are unexpended, disallowed, or recovered as a result of full or partial CDBG Reimbursable or Advance Contract terminations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The National Affordable Housing Act (NAHA) of 1990 (Cranston/Gonzalez Housing Act), as amended in 1992, requires that the County of Los Angeles to provide a single, consolidated submission of the proposed expenditure of funds to be eligible for HUD formula grant funding, including CDBG, HOME, ADDI, and ESG. The Action Plan satisfies these federal requirements to provide for the release of funds.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Action Plan allocates an estimated \$62,449,880 in federal funds, as follows: \$29,600,107 in new Thirty-fourth Program Year (July 1, 2008 to June 30, 2009) CDBG funds; \$380,522 in Fiscal Year 2008-2009 CDBG funds received as a joint applicant with the City of Cerritos; \$14,691,139 in unexpended CDBG funds from prior years; \$4,000,000 in estimated future CDBG Program income; \$12,400,157 in Fiscal Year 2008-2009 HOME funds; \$63,770 in Fiscal Year 2008-2009 ADDI funds; and \$1,314,185 in Fiscal Year 2008-2009 ESG funds.

CDBG funds total \$48,671,768 and are comprised of new, reallocated, prior years', and Program income funds, of which \$5,920,382 will be used for administration costs. The five Supervisorial Districts will receive an allocation of \$31,660,572 for projects in the unincorporated areas of the County, of which \$3,746,215, comprised of \$2,008,511 in new 2008-2009 funds and \$1,737,704 in prior year CDBG funds, will be distributed to the Housing Authority of the County of Los Angeles (Housing Authority) for capital improvement projects and services for residents of public housing. The 47 participating cities will receive an allocation of \$17,011,196. Projects to address housing and community needs will be implemented by the Commission, the Housing Authority, County departments, and approximately fifty-three community-based organizations and other public agencies, such as school districts.

Fiscal Year 2008-2009 and prior year CDBG funds in the amount of \$480,289 will be exchanged for general funds. The City of Hawaiian Gardens will receive CDBG funds as follows: \$90,721 from the City of Agoura Hills; \$145,388 from the City of Manhattan Beach; \$28,130 from the City of Rolling Hills Estates; \$47,780 from the City of Sierra Madre; \$135,246 from the City of Santa Fe Springs; and \$33,024 from the City of

Westlake Village. In addition to their allocation, two cities are transferring previously allocated funds: \$6,439 from Sierra Madre, and \$11,415 from Westlake Village.

The CDBG Reimbursable Contracts with five cities and an unincorporated redevelopment area currently repaying Section 108 loans will be amended to reduce the allocations of Fiscal Year 2008-2009 CDBG funds by \$1,642,070 in order to set aside annual repayment amounts that are due under separate Section 108 loan agreements. The following amounts will be subtracted from their Fiscal Year 2008-2009 allocations: \$283,016 for the City of Azusa; \$540,322 for the City of Bell Gardens; \$56,443 for the City of Claremont; \$188,808 for the City of Culver City; \$338,573 for the City of San Fernando; and \$234,908 for the unincorporated redevelopment area of West Altadena.

HOME funds total \$12,400,157, of which \$1,240,016 will be used for HOME Program administration, as determined by HUD. The First-Time Homebuyer Program will use \$2,063,770 to provide home ownership opportunities in the unincorporated areas of the County and participating cities, consisting of \$2,000,000 in Fiscal Year 2008-2009 HOME funds and \$63,770 in Fiscal Year 2008-2009 ADDI funds. Housing development and rehabilitation activities will use \$7,300,116 on a first-come, first-served basis. In addition, \$1,860,025 will be made available for Community Housing Development Organizations. HOME funds may be re-programmed for home ownership, development, and rehabilitation needs.

ESG funds total \$1,314,185. These funds will be allocated to LAHSA for projects to assist the homeless in the unincorporated areas of the County of Los Angeles and participating cities. LAHSA will conduct an RFP process to award these funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 27, 2003, the Board approved the Five-Year Consolidated Plan for 2003-2008 and the Fiscal Year 2003-2004 Action Plan. These documents have been updated as required by HUD. The current Consolidated Plan and Fiscal Year 2007-2008 Action Plan end on June 30, 2008, and new plans must be adopted by the Board in order to receive continued funding from HUD. The new Action Plan includes a description of the activities to be undertaken during the 2008-2009 Fiscal Year to address the objectives of the Consolidated Plan's five-year strategy.

Subsequent to your Board's adoption of the 2003-2008 Consolidated Plan, Congress enacted the ADDI under the HOME Program to assist low-income families in becoming first-time homebuyers. The County, commencing in Fiscal Year 2003-2004, receives an annual ADDI allocation which will be administered under the County's Consolidated Plan and Action Plans.

Standard CDBG Advance or Reimbursable Contracts will be entered into with recipients

of CDBG funds. Reimbursable Contracts for Fiscal Year 2008-2009 will not be executed with the cities of Agoura Hills, Manhattan Beach, Rolling Hills Estates, Sierra Madre, Santa Fe Springs or Westlake Village because these cities will transfer their entire new allocations to other cities.

MOUs will also be executed with participating cities wishing to implement single-family Homeowner Rehabilitation activities using HOME funds. These funds will be used for homeownership, housing development, and redevelopment activities throughout the unincorporated County and in participating cities.

In addition to the above proposed allocations, the Commission is requesting that the Executive Director be authorized to administer the termination of CDBG contracts with community-based organizations that fail to address administrative deficiencies, Program compliance issues, or other contract obligations. Following consultation with County Counsel and the respective Supervisorial Districts, the Commission will determine whether it is in the best interest of the County to suspend funding for the Program year and terminate the contracts. If so, the Commission will then recover any disallowed or unexpended funds and return said funds to the appropriate Supervisorial Districts.

All public notice requirements contained in 24 Code of Federal Regulations Part 91 Section 91.105 of the NAHA for approval of the Action Plan have been satisfied. A total of five community meetings were held in September 2007. Comments received at these meetings have been incorporated into the Action Plan and were posted on the Commission website in late April 2008 to update the public regarding the comments received earlier at the meetings. Notices of the 30-day public comment period and public hearing were published in newspapers throughout the County and copies of the draft Action Plan were made available for review at public libraries. The public comment period will conclude on May 27, 2008.

The Action Plan is attached to this Board letter. The following documents are also attached: Fiscal Year 2008-2009 CDBG Grant Funding Summary; Fiscal Year 2008-2009 HOME Grant Reservations and Set-Asides and Fiscal Year 2008-2009 ADDI Grant Funds; Proposed Use of ESG Funds; Fiscal Year 2008-2009 Funding for Participating Cities; sample standard CDBG Reimbursable Contract; sample standard Other Public Agency Reimbursable Contract; sample standard CDBG Advance Contract; sample standard Section 108 Reimbursable Contract Amendment; sample standard Agreement to Implement a CDBG Project with a Governmental Agency; sample standard CDBG Reimbursable Contract Amendment; sample standard HOME MOU; Fiscal Year 2008-2009 Summary Totals for Minority and Women Board Members and Employees for funded non-profit agencies; and Grants Management Statements for the CDBG, HOME, ADDI and ESG grants. These items appear as Attachments A through P, respectively.

All of the projects proposed in the Action Plan are being federally-funded. As applicable, the administering agencies will be subject to the prevailing wage requirements of the Davis-Bacon Act and related Acts and Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance. However, where Section 3 is not applicable, the agencies will be subject to the County's Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program, which furthers the same or similar goals.

This letter has been reviewed by County Counsel. Similar letters are also being submitted to the Board of Supervisors and to the Board of Commissioners of the Housing Authority for the May 27, 2008 Board meeting, for concurrent approval.

On April 23, 2008, the Housing Commission recommended approval of all Housing Authority projects contained in the Action Plan.

ENVIRONMENTAL DOCUMENTATION:

The Action Plan is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(1), because it is a planning document and does not involve activities that will alter existing environmental conditions. The Action Plan is not subject to the provisions of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

Each program within the Action Plan will be reviewed for environmental impact on a project-by-project basis before funding is released.

CONTRACTING PROCESS:

HOME funds are used to implement a variety of affordable housing development and rehabilitation programs available to households earning less than 80% of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by HUD. Funds are available through an open RFP process, on a first-come, first-served basis to qualified for-profit and non-profit developers and Fair Housing Development Organizations. Projects are selected to maximize the impacts of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also available on a first-come, first-served basis to qualified homebuyers and owners of single- and multi-family housing in need of rehabilitation.

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LAHSA contracts with non-profit and government agencies in order to provide housing and services for homeless individuals and families through an RFP process that solicits proposals for new and continuing projects. The 2008-2009 Winter Shelter Program will begin in November 2008, and LAHSA will issue an RFP to identify service providers in August 2008. It is anticipated that current County ESG-funded shelter and services contracts will be renewed for an additional year.

The County does not use a competitive process to award CDBG contracts to non-profit agencies. Each Supervisorial District utilizes the Community Resources Investment Strategy (CRIS), citizen input from community meetings, and consultations with the Commission in order to select agencies that best meet community needs.

IMPACT ON CURRENT PROJECTS:

The projects contained in the Action Plan will benefit low- and moderate-income residents of the unincorporated County and participating cities.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 17